

ORIGINAL



0000060425

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission

DOCKETED

JAN 22 2004

2004 JAN 22 P 2: 06

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY

CM

IN THE MATTER OF COMPETITION IN THE
PROVISION OF ELECTRIC SERVICES
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. RE-00000C-94-0165

IN THE MATTER OF THE STRANDED COST
FILING AND REQUEST FOR A WAIVER OF
CERTAIN PORTIONS OF THE RULES FILED BY
MOHAVE ELECTRIC COOPERATIVE, INC.

DOCKET NO. E-01750A-98-0467

IN THE MATTER OF THE FILING BY MOHAVE
ELECTRIC COOPERATIVE, INC. OF
UNBUNDLED AND STANDARD OFFER
SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-
1606

DOCKET NO. E-01750A-97-0701

IN THE MATTER OF THE STRANDED COST
FILING AND REQUEST FOR A WAIVER OF
CERTAIN PORTIONS OF THE RULES FILED BY
TRICO ELECTRIC COOPERATIVE, INC.

DOCKET NO. E-01461A-98-0466

IN THE MATTER OF THE FILING BY TRICO
ELECTRIC COOPERATIVE, INC. OF
UNBUNDLED AND STANDARD OFFER
SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-
1606

DOCKET NO. E-01461A-97-0696

IN THE MATTER OF THE STRANDED COST
FILING AND REQUEST FOR A WAIVER OF
CERTAIN PORTIONS OF THE RULES FILED BY
GRAHAM COUNTY ELECTRIC COOPERATIVE,
INC.

DOCKET NO. E-01749A-98-0468

IN THE MATTER OF THE STRANDED COST
FILING AND REQUEST FOR A WAIVER OF
CERTAIN PORTIONS OF THE RULES FILED BY
DUNCAN VALLEY ELECTRIC COOPERATIVE,
INC.

DOCKET NO. E-01703A-98-0469

IN THE MATTER OF THE STRANDED COST
FILING AND REQUEST FOR A WAIVER OF
CERTAIN PORTIONS OF THE RULES FILED BY
SULPHUR SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC.

DOCKET NO. E-01575A-98-0472

IN THE MATTER OF THE FILING BY SULPHUR
SPRINGS VALLEY ELECTRIC COOPERATIVE,
INC. OF UNBUNDLED AND STANDARD OFFER
SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-
1606

DOCKET NO. E-01575A-97-0706

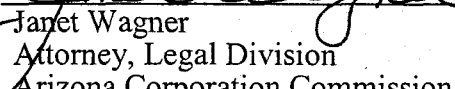
STAFF'S RESPONSE TO
APPLICATION TO SCHEDULE
STRANDED COST HEARINGS

1 On December 19, 2003, Phelps Dodge, ASARCO, and Arizonans for Electric Choice and
2 Competition (collectively, "Applicants") filed a motion asking the Commission to schedule stranded
3 cost hearings for the distribution cooperatives in order to open their service territories to electric
4 competition. On January 9, 2004, the Cooperatives filed responses opposing the motion. Arizona
5 Corporation Commission staff ("Staff") now submits its response to the Applicants' request. Like the
6 Cooperatives, Staff opposes the Applicants' request, although Staff does not agree with all of the
7 Cooperatives' reasons.

8 In Decision No. 65154, also referred to as the "Track A" decision, the Commission instructed
9 Staff to re-examine the existing electric competition rules. Staff has begun that process: it has
10 solicited and received comments from interested parties, and, in December, it held an initial
11 workshop to discuss possible rule revisions. The Cooperatives correctly state that the suggested
12 revisions cover a wide range of subjects and, in some cases, differ significantly from the existing
13 rules. Staff believes that it is unwise to begin proceedings to open the distribution cooperatives'
14 territories to competition while at the same time reconsidering various aspects of the existing rules.
15 The proceedings that Applicants seek to initiate may interfere with ongoing efforts to re-examine the
16 rules by taking time from those efforts and redirecting it to other proceedings. Most disturbing of all
17 is the possibility that the Commission could expend valuable time and resources to process the
18 Cooperatives' stranded cost cases under the existing rules only to have those results made irrelevant
19 or incomplete by subsequent rule amendments.

20 Neither the Commission nor the interested parties has unlimited resources. Because the
21 Commission has instructed Staff to re-examine the rules, Staff believes that, absent some compelling
22 reason, it is unwise at this time and in these circumstances to initiate a stranded cost proceeding
23 under the existing rules.

24 **RESPECTFULLY SUBMITTED** this 22nd day of January 2004.

25
26 
27 Janet Wagner
28 Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

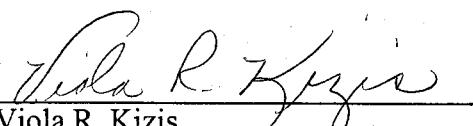
1 The original and twenty-nine (29) copies
2 of the foregoing were filed this
22nd day of January 2004 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
Phoenix, Arizona 85007

6 Copies of the foregoing were mailed
this 22nd day of January 2004 to:

7 Michael M. Grant
8 Todd C. Wiley
9 2575 East Camelback Road
10 Phoenix, Arizona 85016-9225
11 Attorneys for Duncan Valley Electric
12 Cooperative and
13 Graham County Electric Cooperative
14
15 C. Webb Crockett
16 Fennemore Craig
17 3003 N. Central Ave., Suite 2600
18 Phoenix, Arizona
19 Attorneys for Phelps Dodge Mining
Company, Successor in Interest to Cyprus
20 Climax Metals Company; ASARCO
21 Incorporated; Cyprus Climax Metals
22 Company; and Arizonans for Electric Choice
23 and Competition
24
25 Russell E. Jones, Esq.
26 Waterfall Economidis Caldwell
27 Hanshaw & Villamana PC, Suite 800
28 5210 East Williams Circle
Tucson, Arizona 85711-7497
Attorneys for Trico Electric Cooperative, Inc.

Christopher Hitchcock, Esq.
Law Offices of Christopher Hitchcock PLC
Post Office Box 87
Bisbee, Arizona 85603-0087
Attorneys for Sulphur Springs Valley
Electric Cooperative, Inc.

27 
28 Viola R. Kizis
Secretary to Janet Wagner

Michael Curtis, Esq.
Paul R. Michaud, Esq.
Martinez & Curtis
2712 North 7 Street
Phoenix, Arizona 85006-1003
Attorneys for Mohave Electric Cooperative, Inc.

Jeffrey B. Guldner
Snell & Wilmer
One Arizona Center
400 East Van Buren
Phoenix, Arizona 85004-2202
Attorneys for Arizona Public Service Co.

Brown & Bain, PA
2901 North Central Avenue
Phoenix, Arizona 85001-0400
Attorneys for Illinova

Douglas C. Nelson
Douglas C. Nelson PC
7000 North 16 Street
Phoenix, Arizona 85020-5547
Attorneys for Commonwealth

ACAA
2627 North 3 Street, Suite Two
Phoenix, Arizona 85004

Jack Shilling
Duncan Valley Electric Cooperative
222 N. Highway 75
P.O. Box 440
Duncan, Arizona 85534

Steve Lines
Graham County Electric Cooperative
P.O. Drawer B, 9 West Center
Pima, Arizona 85543

Patricia Cooper
Arizona Electric Power Cooperative, Inc.
1000 South Highway 80, P. O. Box 670
Benson, Arizona 85602

John Wallace
Grand Canyon State Electric Coop. Ass'n, Inc.
120 North 44 Street, Suite 100
Phoenix, Arizona 85034-1822